

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ISO-00 XMB-07 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-03 INR-11 IO-14 NEA-14

NSAE-00 RSC-01 OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01

SWF-02 OMB-01 NSC-07 SS-20 STR-08 SAJ-01 SAM-01

DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15 OIC-04

ACDA-19 SCI-06 AEC-11 DRC-01 /259 W

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P R 031714Z SEP 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 7404

AMEMBASSY SINGAPORE

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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PASS TREASURY AND EXIMBANK: SINGAPORE PASS TO MR. CASEY

E.O. 11652: NA

TAGS: EFIN, EEC

SUBJECT: EXPORT CREDITS MEETING, SEPTEMBER 10-11

REFS: (A) LONDON 10475 (B) STATE 157538

1. SUMMARY: EC COMMISSION ADVISES US OF INFLEXIBLE JAPANESE POSITION
TOWARD EXCEPTIONS TO BE INCLUDED IN EXPORT CREDIT GENTLEMEN'S
AGREEMENT AND OF TENTATIVE EC DECISION TO EXCLUDE JAPANESE FROM

PROPOSED AGREEMENT. JAPANESE REQUEST BILATERAL MEETING WITH USG
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DELEGATION. END SUMMARY.

2. EC COMMISSION OFFICIAL LILIANA ARCHIBALD HAS TOLD US THAT EC MEMBER STATES AND COMMISSION HAVE HELD EXTENSIVE DISCUSSIONS WITH THE JAPANESE REGARDING GENTLEMEN'S AGREEMENT ON EXPORT CREDITS. FROM THESE CONVERSATIONS THE COMMISSION HAS CONCLUDED THAT THE JAPANESE ARE INFLEXIBLE IN THEIR REQUEST FOR EXCEPTIONS TO PROPOSED AGREEMENTS AS MENTIONED IN REF B. MRS. ARCHIBALD INDICATED THAT THE COMMISSION IS CONSULTING WITH MEMBER STATES AND A TENTATIVE CONSENSUS HAS BEEN REACHED: IF THE JAPANESE WILL NOT CHANGE THEIR POSITION, THE EC PROPOSES LEAVING THEM OUT OF THE AGREEMENT FOR THE TIME BEING. SHOULD EC AND US REACH AN AGREEMENT, MRS. ARCHIBALD BELIEVES THAT THE JAPANESE WILL JOIN THE AGREEMENT WITHIN A YEAR.

3. MRS. ARCHIBALD SAID THAT EC WOULD LIKE TO REACH AN AGREEMENT WITH THE US AT SEPT. 10-11 MEETING. SEVERAL MEMBER STATES HAVE STRONGLY INDICATED THEIR DESIRE TO HAVE A TIGHT AGREEMENT WITHOUT ANY EXCEPTIONS. THIS WILL ASSURE PARTICIPATING COUNTRIES THAT THE AGREEMENT WILL BE EFFECTIVE AND WELL DISCIPLINED. SHE INDICATED THAT EC MIGHT AGREE TO US PREFERENCE FOR A MINIMUM INTEREST RATE OF EIGHT PERCENT AND AN AVERAGE REAL COST OF NINE PERCENT IF IN TURN THE US WOULD DROP ITS EXCEPTIONS. MRS. ARCHIBALD IS BOTHERED OVER WHAT APPEARS TO HER TO BE SOME CONFUSION OVER THE US POSITION, PARTICULARLY REGARDING THE US REQUEST FOR EXCEPTIONS. SHE WOULD LIKE TO DISCUSS THIS MATTER WITH UNDER SECRETARY BENNETT BEFORE THE MEETING, IF POSSIBLE. MRS. ARCHIBALD WAS NOT CERTAIN HOW STRONGLY THE US FELT ABOUT ITS PROPOSED EXCEPTIONS.

4. IN A SEPARATE CONVERSATION, A JAPANESE OFFICIAL CALLED TO ADVISE US OF A GOJ REQUEST TO MEET BILATERALLY IN BRUSSELS WITH THE USG DELEGATION BEFORE THE EXPORT CREDIT MEETING. THIS REQUEST HAS REPORTEDLY BEEN MADE BY THE JAPANESE EMBASSY IN WASHINGTON. THE JAPANESE MISSION IN BRUSSELS PROPOSED THE AFTERNOON OF SEPT. 9 FOR THE MEETING. IF THIS IS NOT CONVENIENT, THE JAPANESE WOULD BE PREPARED TO MEET DURING THE MORNING OF SEPT. 10 IF THERE IS SUFFICIENT TIME BEFORE THE MEETING AT THE COMMISSION. THE PRINCIPAL MEMBERS OF THE JAPANESE DELEGATION WILL BE: MR. KISHIDA, DIRECTOR GENERAL OF MITI FOR TRADE; MR. KASUKUDA, DIRECTOR FOR EXPORT CREDIT OF MITI AND MR. MIYAHARA, DIRECTOR FOR PRIVATE INVESTMENT LIMITED OFFICIAL USE

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AT THE MINISTRY OF FINANCE. SEVERAL OFFICERS FROM THE JAPANESE TRADE ASSOCIATION AND EXPORT IMPORT BANK WILL ALSO BE IN ATTENDANCE. THE JAPANESE MISSION ASKED US TO INFORM THEM, WHETHER THE US WOULD PARTICIPATE IN SUCH A BILATERAL MEETING AND IF SO, WHO WOULD ATTEND. GREENWALD

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